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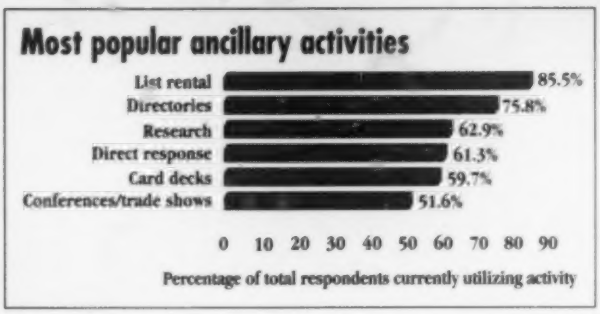
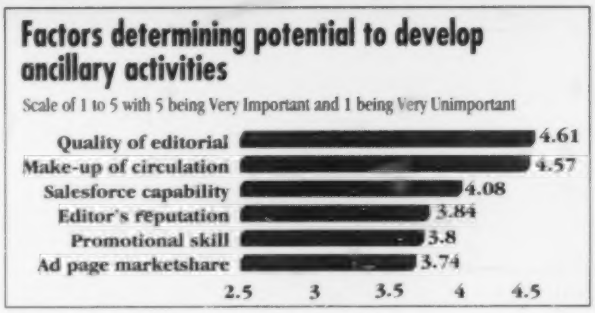
Leveraging Your Franchise . . . page 78

Folio:

JUNE 1, 1991 THE MAGAZINE FOR MAGAZINE MANAGEMENT $6.50

LEVERAGE YOUR FRANCHISE


Most popular ancillary activities
List rental 85.5%
Directories 75.8%
Research 62.9%
Direct response 61.3%
Card decks 59.7%
Conferences/trade shows 51.6%
0 10 20 30 40 50 60 70 80 90
Percentage of total respondents currently utilizing activity


Factors determining potential to develop ancillary activities
Scale of 1 to 5 with 5 being Very Important and 1 being Very Unimportant
Quality of editorial 4.61
Make-up of circulation 4.57
Salesforce capability 4.08
Editor's reputation 3.84
Promotional skill 3.8
Ad page marketshare 3.74
2.5 3 3.5 4 4.5

Business magazine publishers are expanding their reach—and their bottom lines—by developing non-magazine ventures that range from list rental to video, directories to joint ventures. A FOLIO: study reveals what's happening, pinpoints the criteria for success, assesses who has the advantage, and more. Should you get involved? **78**

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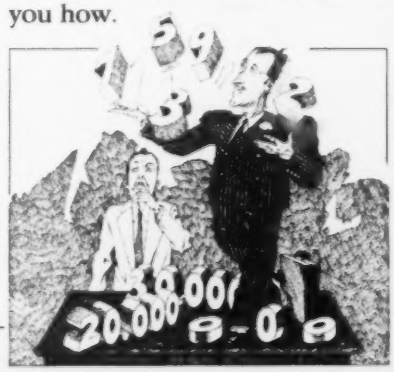
Ad readership studies contain a wealth of information that can be used to your advantage—if you how.



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THE MAGAZINE FOR MAGAZINE MANAGEMENT

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ABP ABC MPA

FOLIO:'S 1991 EDITORIAL SALARY SURVEY

BY ROBERT M. STEED

The positives that editorial professionals cite about their work are "freedom," "creativity," "responding to readers' needs," "seeing my work in print." Or, as one editor put it: "It still amazes me after all these years that I actually get paid to do this job."

Balancing those positives, respondents to FOLIO:'s seventh annual survey of editorial compensation are quick to point out, is the high stress that seems endemic to the profession. Stress, they note, comes from many sources—deadlines, tight budgets, long hours, the creative tension of a blank screen or page.

In the end, though, when the magazine is printed, it all seems worth it. And it's increasingly worth it economically as well for those whose talents and energy enable them to demonstrate their value to their publications. This survey indicates how that talent and energy is rewarded by detailing compensation patterns for five job categories of editorial professionals. Listed below are some important findings.

- Editorial professionals at business publications earn larger salaries than those at consumer magazines in most categories. But total compensation for those who receive bonuses is higher at consumer magazines.
- Women earn between 82 percent and 95 percent what men earn, on both a salary and total compensation basis, in all categories except editor, continuing the slow but steady progress toward equal pay seen in earlier surveys.
- The size of the staff an editorial professional supervises has the clearest and strongest correlation to pay in all categories except senior/associate editor.
- Incentive compensation is a significant factor in the pay of editorial management and editors; and in those categories, bonus-eligible employees earn larger salaries than those who aren't eligible.
- Most editorial professionals work on only one magazine—and those who work on more than one magazine are paid *less*, possibly reflecting the smaller size of their multiple publications.

Robert M. Steed *is managing director of Performance Plus . . . Inc., a New York-based consulting firm.*

Methodology: Five hundred ninety-nine of the 1,427 editorial professionals who received questionnaires responded to FOLIO:'s seventh annual editorial compensation survey, resulting in an overall response rate of 42 percent. Of the total responses, 582 (41 percent) contained sufficient information to be used for tabulation. The survey was conducted through two mailing efforts in January. Participants were asked to supply data reflecting 1991 earnings; if exact figures were unavailable, they were requested to estimate.

The sample was evenly divided among the five categories of editorial professionals. Each category was also evenly divided between consumer and business publications. About 65 percent of the sample was drawn from magazines with under 100,000 in circulation, while 35 percent came from magazines with over 100,000.

Response rates were reasonably similar among all categories, except for art directors, where the rate was 28 percent. Response rates were higher among business magazines than consumer magazines, and often substantially higher for larger circulation publications.

In some cases, respondents did not give an exact bonus figure, but gave an expected range instead. Here the mean was used for tabulation.

The regions have been divided as follows:

Editorial management

(Editor and publisher, editor in chief, editorial director): Sets editorial policy. May hold other titles; may be in charge of other products and other departments in addition to editorial. The editor reports to this individual.

Average salaries (The number of respondents is in parentheses.)		% increase from '90 to '91
All respondents	$59,914 (116)	7.2%
Business	$66,227 (63)	6.5
Consumer	$52,409 (53)	8.3
Top one-third	$90,003 (38)	
Middle one-third	$56,928 (39)	
Bottom one-third	$33,582 (39)	

Editorial managers who supervise a staff of more than 10 earn almost 2.4 times as much in salary, and four times as much in total compensation, as those who are not supervisors.

	Average	Average business	Average consumer
By region:			
Northeast	$67,475 (40)	$73,619 (25)	$57,233 (15)
South	57,008 (24)	57,554 (13)	56,364 (11)
North central	59,421 (29)	61,589 (18)	55,873 (11)
West	50,417 (23)	67,857 (7)	42,788 (16)
By sex:			
Male	$63,146 (75)	$68,552 (44)	$55,474 (31)
Female	54,000 (41)	60,842 (19)	48,091 (22)
By years in editorial:			
Up to 3	$46,143 (7)	$ 0 (0)	$46,143 (7)
4-10	52,425 (40)	62,475 (20)	42,375 (20)
11-20	64,602 (51)	67,410 (28)	61,183 (23)
More than 20	69,241 (17)	69,793 (14)	66,667 (3)
By age:			
29 or less	$45,200 (5)	$52,500 (2)	$40,333 (3)
30-39	57,231 (38)	66,068 (16)	50,805 (22)
40-49	61,605 (42)	65,058 (24)	57,000 (18)
50 or more	63,284 (31)	68,990 (21)	51,300 (10)
Eligible for bonus:			
Yes	$64,249 (59)	$64,961 (34)	$63,280 (25)
No	55,426 (57)	67,710 (29)	42,704 (28)
Responsible for:			
One magazine	$63,566 (60)	$67,057 (35)	$58,680 (25)
More than one	56,213 (48)	66,521 (24)	45,904 (24)
By editorial personnel supervised:			
None	$37,429 (7)	$44,667 (3)	$32,000 (4)
One	49,727 (11)	59,200 (5)	41,833 (6)
2-5	51,258 (53)	56,592 (27)	45,719 (26)
6-10	69,024 (29)	68,856 (16)	69,231 (13)
More than 10	88,913 (16)	92,717 (12)	77,500 (4)
By circulation:*			
Up to 19,999	$ 50,083 (24)	$ 59,781 (16)	$30,688 (8)
20,000-49,999	56,161 (31)	66,111 (18)	42,385 (13)
50,000-99,999	50,295 (22)	59,043 (7)	46,213 (15)
100,000-499,999	67,733 (30)	70,262 (19)	63,364 (11)
500,000 or more	102,063 (8)	112,750 (2)	98,500 (6)
By frequency:*			
Weekly/biweekly	$74,962 (13)	$81,350 (10)	$53,667 (3)
Monthly	59,278 (64)	64,438 (39)	51,228 (25)
Other	55,941 (39)	60,407 (14)	53,440 (25)
By average editorial pages:*			
Up to 499	$54,706 (52)	$57,796 (24)	$52,057 (28)
500-999	56,976 (38)	64,860 (18)	49,880 (20)
1,000-1,499	67,744 (9)	67,744 (9)	0 (0)
1,500-2,999	90,333 (12)	90,444 (9)	90,000 (3)

*Refers to the largest circulation magazine on which respondent works.

Editor

Responsible for editorial direction and content, including art, text and cover of one or more magazines.

Average salaries (The number of respondents is in parentheses.)		% increase from '90 to '91
All respondents	$46,898 (135)	8.7%
Business	$49,226 (77)	7.5
Consumer	$44,260 (57)	10.5
Top one-third	$71,258 (45)	
Middle one-third	$43,164 (45)	
Bottom one-third	$26,271 (45)	

	Average	Average business	Average consumer
By region:			
Northeast	$55,309 (49)	$56,257 (30)	$55,800 (18)
South	41,604 (28)	40,283 (18)	43,980 (10)
North central	44,168 (37)	49,300 (22)	36,640 (15)
West	37,778 (18)	38,600 (5)	37,462 (13)
By sex:			
Male	$52,934 (76)	$56,147 (45)	$49,280 (30)
Female	39,122 (59)	39,494 (32)	38,681 (27)
By years in editorial:			
Up to 3	$28,309 (22)	$32,655 (11)	$24,560 (10)
4-10	42,897 (57)	43,495 (33)	42,075 (24)
11-20	57,802 (44)	61,256 (27)	52,318 (17)
More than 20	63,000 (10)	58,400 (5)	67,600 (5)
By age:			
29 or less	$30,954 (26)	$26,125 (12)	$35,093 (14)
30-39	44,050 (61)	47,538 (37)	39,570 (23)
40-49	58,894 (34)	62,190 (21)	53,569 (13)
50 or more	59,786 (14)	58,857 (7)	60,714 (7)
Eligible for bonus:			
Yes	$51,510 (50)	$50,891 (23)	$52,037 (27)
No	44,185 (85)	48,517 (54)	37,260 (30)
Responsible for:			
One magazine	$49,030 (97)	$50,730 (57)	$46,608 (40)
More than one	41,456 (38)	44,941 (20)	38,735 (17)
By editorial personnel supervised:			
None	$31,629 (21)	$32,030 (10)	$31,264 (11)
One	37,762 (21)	40,767 (15)	32,700 (5)
2-5	43,265 (70)	45,179 (37)	41,118 (33)
6-10	68,889 (9)	74,500 (6)	57,667 (3)
More than 10	87,536 (14)	82,222 (9)	97,100 (5)
By circulation:*			
Up to 19,999	$38,979 (28)	$40,454 (26)	$19,800 (2)
20,000-49,999	38,015 (34)	44,389 (18)	30,844 (16)
50,000-99,999	49,024 (26)	47,094 (13)	50,954 (13)
100,000-499,999	54,242 (38)	67,744 (18)	43,358 (19)
500,000 or more	72,938 (8)	80,000 (1)	71,929 (7)
By frequency:*			
Weekly/biweekly	$68,875 (16)	$66,455 (11)	$74,200 (5)
Monthly	46,550 (73)	47,765 (42)	44,903 (31)
Other	39,807 (46)	43,888 (24)	36,181 (21)
By average editorial pages:*			
Up to 499	$40,669 (55)	$43,182 (34)	$37,530 (20)
500-999	46,475 (51)	48,061 (28)	44,543 (23)
1,000-1,499	54,955 (11)	57,438 (8)	48,333 (3)
1,500-2,999	68,075 (12)	80,750 (4)	61,738 (8)

*Refers to the largest circulation magazine on which respondent works.

The disparity between compensation of men and women is largest in the editor category. Women's salaries average 74 percent of men's, and their total compensation is only 62 percent of their male counterparts'.

Managing editor

Coordinates editorial, art and production departments to ensure that the magazine is put out on time and in an acceptable form. Oversees the copy editing and proofreading staff to make sure the magazine is factually and grammatically correct.

Average salaries (The number of respondents is in parentheses.)		% increase from '90 to '91
All respondents	$37,803 (134)	7.4%
Business	$39,665 (71)	6.8
Consumer	$35,704 (63)	8.1
Top one-third	$55,336 (44)	
Middle one-third	$35,114 (45)	
Bottom one-third	$23,348 (45)	

	Average	Average business	Average consumer
By region:			
Northeast	$42,664 (41)	$44,570 (23)	$40,228 (18)
South	33,583 (33)	36,187 (20)	29,577 (13)
North central	35,322 (23)	38,275 (16)	28,571 (7)
West	37,722 (37)	37,917 (12)	37,629 (25)
By sex:			
Male	$41,226 (56)	$44,349 (30)	$37,623 (26)
Female	35,345 (78)	36,239 (41)	34,355 (37)
By years in editorial:			
Up to 3	$24,182 (22)	$28,700 (5)	$22,853 (17)
4-10	34,524 (58)	35,417 (33)	33,344 (25)
11-20	47,884 (40)	44,671 (23)	52,230 (17)
More than 20	45,973 (13)	47,653 (10)	40,373 (3)
By age:			
29 or less	$30,400 (35)	$32,692 (13)	$29,045 (22)
30-39	38,476 (50)	38,407 (28)	38,564 (22)
40-49	43,624 (36)	44,577 (20)	42,433 (16)
50 or more	39,023 (13)	42,430 (10)	27,667 (3)
Eligible for bonus:			
Yes	$35,351 (45)	$41,946 (17)	$31,347 (28)
No	39,042 (89)	38,947 (54)	39,189 (35)
Responsible for:			
One magazine	$39,760 (96)	$41,044 (53)	$38,177 (43)
More than one	32,809 (36)	35,408 (17)	30,484 (19)
By editorial personnel supervised:			
None	$26,547 (21)	$32,943 (9)	$21,750 (12)
One	31,461 (16)	32,888 (10)	29,083 (6)
2-5	37,028 (68)	39,548 (35)	34,355 (33)
6-10	48,925 (21)	48,414 (14)	49,946 (7)
More than 10	57,425 (8)	42,967 (3)	66,100 (5)
By circulation:*			
Up to 19,999	$28,945 (19)	$30,935 (16)	$18,333 (3)
20,000-49,999	33,039 (33)	37,411 (19)	27,107 (14)
50,000-99,999	31,718 (18)	37,288 (8)	27,262 (10)
100,000-499,999	42,419 (52)	46,266 (27)	38,264 (25)
500,000 or more	57,282 (11)	63,000 (1)	56,710 (10)
By frequency:*			
Weekly/biweekly	$46,895 (20)	$52,167 (9)	$42,583 (11)
Monthly	37,340 (79)	39,458 (47)	34,229 (32)
Other	33,652 (35)	32,814 (15)	34,280 (20)
By average editorial pages:*			
Up to 499	$33,528 (40)	$37,916 (18)	$29,938 (22)
500-999	37,588 (47)	39,498 (30)	34,218 (17)
1,000-1,499	39,300 (16)	37,633 (6)	40,300 (10)
1,500-2,999	44,175 (20)	46,313 (8)	42,750 (12)

*Refers to the largest circulation magazine on which respondent works.

Sixty-six percent of the managing editors do not receive bonuses—but their salaries are 10 percent higher than the 33 percent of managing editors who do receive bonuses.

Senior/associate editor

Plans and writes features and other articles. May head editorial feature department and may oversee other editorial employees, freelance writers and designers. Keeps abreast of trends and news; is responsible for all editorial work in assigned subject area.

Average salaries (The number of respondents is in parentheses.)		% increase from '90 to '91
All respondents	$36,437 (115)	5.8%
Business	$34,686 (67)	6.0
Consumer	$39,007 (46)	5.4
Top one-third	$50,584 (38)	
Middle one-third	$35,536 (38)	
Bottom one-third	$23,532 (39)	

	Average	Average business	Average consumer
By region:			
Northeast	$40,302 (55)	$36,329 (30)	$45,073 (24)
South	34,793 (15)	33,089 (9)	37,350 (6)
North central	33,395 (26)	34,800 (20)	29,054 (5)
West	30,711 (19)	30,038 (8)	31,200 (11)
By sex:			
Male	$38,491 (64)	$37,547 (36)	$39,509 (27)
Female	33,859 (51)	31,363 (31)	38,293 (19)
By years in editorial:			
Up to 3	$28,140 (32)	$27,594 (18)	$28,841 (14)
4-10	38,368 (59)	34,125 (34)	44,852 (24)
11-20	42,006 (17)	42,200 (10)	41,729 (7)
More than 20	44,571 (7)	49,000 (5)	22,000 (1)
By age:			
29 or less	$29,291 (32)	$28,861 (23)	$30,813 (8)
30-39	38,921 (56)	35,412 (25)	41,751 (31)
40-49	37,447 (15)	37,636 (10)	37,070 (5)
50 or more	42,642 (12)	44,278 (9)	34,100 (2)
Eligible for bonus:			
Yes	$37,310 (40)	$36,268 (22)	$38,906 (16)
No	35,972 (75)	33,912 (45)	39,061 (30)
Responsible for:			
One magazine	$37,395 (92)	$34,840 (57)	$41,895 (33)
More than one	32,723 (22)	34,233 (9)	31,677 (13)
By editorial personnel supervised:			
None	$32,964 (65)	$32,244 (40)	$34,411 (24)
One	36,293 (14)	35,918 (11)	37,667 (3)
2-5	41,168 (33)	39,944 (16)	42,153 (16)
More than 5	60,333 (3)	0 (0)	60,333 (3)
By circulation:*			
Up to 19,999	$30,880 (10)	$32,533 (9)	$16,000 (1)
20,000-49,999	27,380 (24)	28,515 (17)	24,624 (7)
50,000-99,999	31,005 (22)	32,006 (17)	27,600 (5)
100,000-499,999	39,606 (39)	41,062 (21)	38,550 (17)
500,000 or more	49,880 (20)	46,667 (3)	50,788 (16)
By frequency:*			
Weekly/biweekly	$38,875 (20)	$36,207 (14)	$45,100 (6)
Monthly	36,954 (71)	34,999 (41)	39,884 (28)
Other	32,878 (24)	31,842 (12)	33,914 (12)
By magazine type:			
Consumer	$39,007 (46)	$ 0 (0)	$39,007 (46)
Business	34,686 (67)	34,686 (67)	0 (0)
By average editorial pages:*			
Up to 499	$34,148 (37)	$34,180 (25)	$34,081 (12)
500-999	34,297 (31)	30,624 (15)	38,457 (15)
1,000-1,499	39,700 (10)	38,357 (7)	42,833 (3)
1,500-2,999	41,765 (20)	37,990 (10)	45,540 (10)

*Refers to the largest circulation magazine on which respondent works.

Demographics play less of a role in determining salary at the senior/associate editor level than they do at other editorial levels.

Art director

Oversees all editorial art and design work for the magazine. Oversees art production. Also heads photography and illustration.

Average salaries (The number of respondents is in parentheses.)		% increase from '90 to '91
All respondents	$39,975 (83)	8.7%
Business	$36,466 (38)	9.8
Consumer	$42,505 (44)	8.0
Top one-third	$59,185 (27)	
Middle one-third	$37,089 (28)	
Bottom one-third	$24,336 (28)	

	Average	Average business	Average consumer
By region:			
Northeast	$47,979 (24)	$44,500 (10)	$49,577 (13)
South	34,021 (24)	29,167 (12)	38,875 (12)
North central	36,243 (14)	39,957 (7)	32,529 (7)
West	39,825 (20)	34,556 (9)	44,136 (11)
By sex:			
Male	$43,885 (39)	$42,667 (15)	$44,646 (24)
Female	36,509 (44)	32,422 (23)	39,935 (20)
By years in editorial:			
Up to 3	$28,513 (16)	$23,857 (7)	$32,133 (9)
4-10	40,100 (37)	37,235 (20)	42,313 (16)
11-20	44,714 (21)	49,000 (8)	42,077 (13)
More than 20	56,000 (6)	31,000 (2)	68,500 (4)
By age:			
29 or less	$27,462 (21)	$26,050 (14)	$30,286 (7)
30-39	42,102 (41)	41,346 (13)	41,730 (27)
40-49	50,353 (17)	47,056 (9)	54,063 (8)
50 or more	39,750 (4)	30,000 (2)	49,500 (2)
Eligible for bonus:			
Yes	$39,277 (44)	$36,026 (19)	$40,904 (24)
No	40,762 (39)	36,905 (19)	44,425 (20)
Responsible for:			
One magazine	$43,420 (41)	$37,247 (17)	$47,792 (24)
More than one	35,993 (41)	35,833 (21)	36,160 (20)
By design/art personnel supervised:			
None	$33,878 (23)	$33,680 (15)	$34,250 (8)
One	33,271 (21)	31,750 (10)	34,655 (11)
2-5	45,182 (33)	42,545 (11)	45,762 (21)
More than 5	58,167 (6)	47,500 (2)	63,300 (4)
By circulation:*			
Up to 19,999	$30,889 (9)	$28,857 (7)	$38,000 (2)
20,000-49,999	32,057 (21)	34,964 (14)	26,243 (7)
50,000-99,999	33,400 (13)	33,029 (7)	33,833 (6)
100,000-499,999	42,907 (27)	40,625 (8)	43,868 (19)
500,000 or more	63,800 (10)	90,000 (1)	60,750 (8)
By frequency:*			
Weekly/biweekly	$49,750 (8)	$56,750 (4)	$36,333 (3)
Monthly	39,498 (54)	34,563 (27)	44,433 (27)
Other	36,950 (20)	32,214 (7)	39,500 (13)
By magazine type:			
Consumer	$42,505 (44)	$ 0 (0)	$42,505 (44)
Business	36,466 (38)	36,466 (38)	0 (0)
By average editorial pages:*			
Up to 499	$35,767 (27)	$26,800 (9)	$38,971 (17)
500-999	43,037 (27)	36,536 (14)	50,038 (13)
1,000-1,499	42,318 (11)	35,500 (6)	50,500 (5)
1,500-2,999	38,856 (9)	49,333 (3)	33,617 (6)

*Refers to the largest circulation magazine on which respondent works.

Art directors are more likely than other editorial professionals to work on more than one magazine. But they earn 21 percent less than those who work on only one.

Average annual total compensation

Includes only individuals who reported receiving both salary and bonus.

The number of respondents is in parentheses.

	Editorial management		Editor		Managing editor		Senior/ associate editor		Art director	
Received bonus/incentive:										
Yes	$74,316	(53)	$54,361	(49)	$37,212	(44)	$39,373	(36)	$42,025	(32)
No	55,426	(57)	44,185	(85)	39,042	(89)	35,972	(75)	40,762	(39)
By magazine type:										
Consumer	$74,217	(21)	$55,349	(26)	$32,937	(27)	$40,714	(13)	$42,009	(20)
Business	74,381	(32)	53,243	(23)	44,002	(17)	38,771	(21)	39,720	(11)
By region:										
Northeast	$78,375	(15)	$68,403	(22)	$45,992	(10)	$43,198	(21)	$55,360	(5)
South	76,022	(9)	52,354	(8)	30,406	(14)	27,000	(2)	39,263	(10)
North central	77,700	(18)	36,678	(10)	44,050	(4)	35,694	(9)	40,700	(7)
West	61,845	(11)	39,886	(7)	35,970	(16)	33,758	(4)	38,131	(9)
By sex:										
Male	$79,548	(33)	$63,712	(30)	$45,365	(17)	$40,082	(22)	$43,475	(15)
Female	65,683	(20)	39,596	(19)	32,078	(27)	38,260	(14)	40,746	(17)
By years in editorial:										
Up to 3	$75,433	(3)	$33,425	(6)	$24,998	(10)	$34,788	(8)	$32,967	(3)
4-10	72,008	(18)	47,907	(24)	33,331	(17)	39,571	(21)	40,941	(17)
11-20	77,608	(24)	66,657	(15)	53,399	(13)	49,350	(4)	48,297	(8)
More than 20	69,213	(8)	87,500	(3)	35,891	(3)	36,911	(3)	44,008	(3)
By age:										
29 or less	$40,100	(3)	$40,307	(11)	$33,398	(12)	$33,496	(12)	$32,975	(4)
30-39	81,212	(20)	49,055	(21)	37,051	(15)	43,013	(20)	43,005	(19)
40-49	71,361	(18)	67,741	(13)	40,140	(16)	0	(0)	41,686	(7)
50 or more	75,808	(12)	77,375	(4)	38,528	(1)	38,808	(4)	52,000	(2)
Responsible for:										
One magazine	$81,749	(25)	$58,382	(33)	$42,544	(27)	$41,085	(31)	$42,008	(12)
More than one	66,776	(25)	46,067	(16)	28,743	(17)	28,760	(5)	40,684	(19)
By employees supervised:*										
None	$ 25,483	(3)	$ 35,992	(9)	$26,292	(6)	$34,440	(21)	$40,214	(7)
One	48,167	(3)	40,932	(7)	28,713	(4)	40,800	(2)	31,543	(7)
2-5	69,673	(23)	44,511	(20)	37,183	(24)	44,175	(12)	44,853	(17)
6-10	78,014	(14)	71,100	(5)	47,232	(10)	0	(0)	0	(0)
More than 10	102,310	(10)	100,938	(8)	0	(0)	82,500	(1)	80,000	(1)
By circulation:†										
Up to 19,999	$ 70,050	(9)	$47,856	(4)	$26,121	(5)	$20,500	(1)	$35,100	(3)
20,000-49,999	71,008	(12)	36,645	(13)	33,913	(10)	31,631	(6)	29,446	(6)
50,000-99,999	60,740	(10)	59,804	(8)	28,399	(8)	35,917	(9)	38,175	(4)
100,000-499,999	68,485	(15)	59,597	(17)	41,993	(16)	39,000	(14)	43,679	(13)
500,000 or more	117,357	(7)	79,342	(6)	53,700	(5)	56,317	(6)	58,540	(5)
By frequency:†										
Weekly/biweekly	$102,583	(6)	$81,071	(7)	$49,809	(7)	$38,461	(9)	$52,469	(4)
Monthly	68,544	(36)	53,591	(26)	34,433	(25)	39,708	(23)	40,147	(22)
Other	77,786	(11)	43,926	(16)	35,652	(12)	39,500	(4)	40,420	(5)
By average editorial pages:†										
Up to 499	$ 66,440	(21)	$42,731	(19)	$34,916	(17)	$40,113	(8)	$44,997	(8)
500-999	63,399	(17)	54,173	(17)	39,761	(9)	37,081	(9)	46,445	(11)
1,000-1,499	74,840	(5)	46,892	(6)	38,379	(7)	40,180	(5)	32,705	(5)
1,500-2,999	119,250	(8)	92,786	(7)	40,106	(9)	46,550	(7)	38,486	(7)

†Refers to the largest circulation title on which respondent works.

*Indicates editorial employees for all job titles except art director, where numbers refer to design/art personnel.

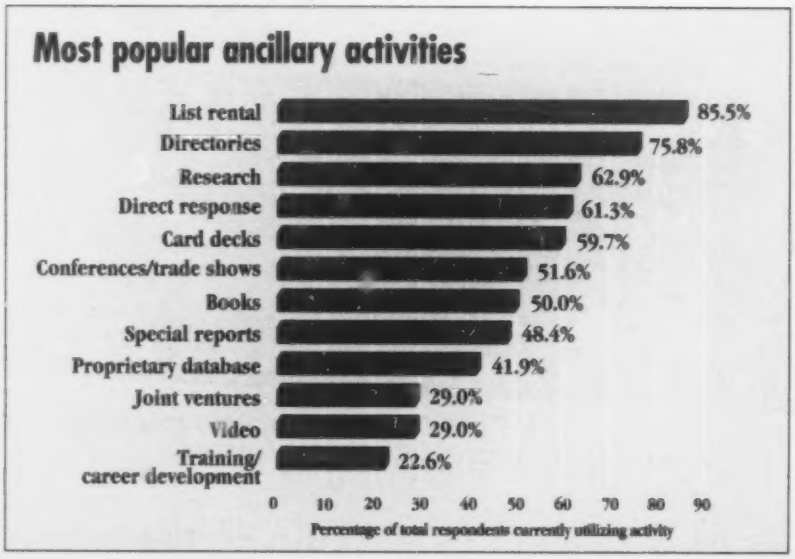
The ratio of editorial professionals receiving bonuses this year, compared with last year, declined in all categories except art director.

Be All That You Can Be:

LEVERAGE YOUR FRANCHISE

BY BARBARA LOVE *and* ARTHUR ROSENFIELD

How to build on your magazine's readership and information base to develop new revenue from ancillary activities



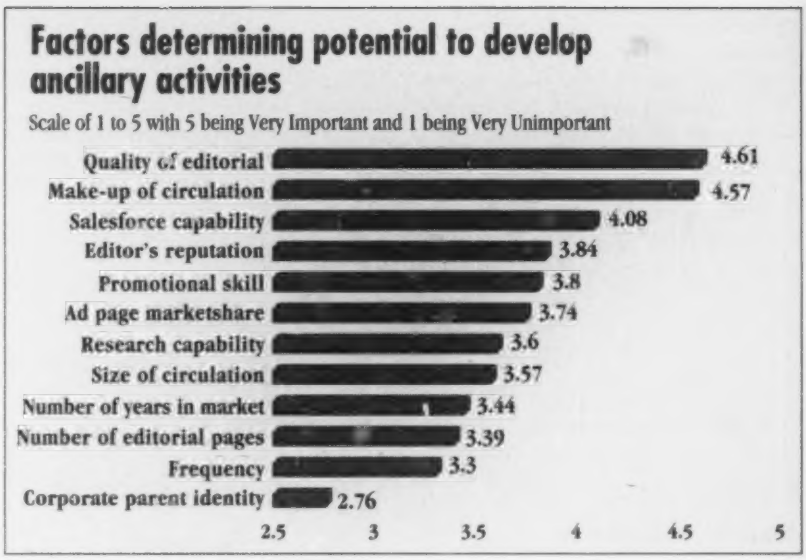
Are you in the business of pulishing magazines, or are you in the business of providing information? Savvy magazine people will say the latter. But if you can count on one hand the number of non-magazine ventures that generate revenue, you may be missing opportunities. Because

of greatly reduced ad dollars at many publishing companies, executives are turning their attention to other products and services that generate revenues.

Business magazine publishing companies currently derive 15.1 percent of their revenue from non-magazine products, according to 167 executives responding to a survey on ancillary ventures conducted by FOLIO: and the Business Development Group, with the assistance of Raskin Research Associates. These companies expect to derive 17.6 percent from such activities in 1991, and 23 percent five years from now.

Small publishers expect these activities to contribute an even greater share of revenue than do their larger counterparts.

Right now, seven out of 10 business magazine publishers are developing their magazines' inherent potential to derive revenue from ancillary activities. What's new is the growing understanding that such products can't be treated as stepchildren or afterthoughts. This attitude is understood now to be an inhibitor to becoming all that one can be in specialized business communications. Building on the loyal readership of your magazine to create new revenue and profit centers is getting more top management attention.



From defensive to offensive

Almost everyone who's gotten into other businesses initially views them as "ancillary." Publishers have traditionally looked at ancillary activities from a defensive posture. They have developed them because pages were down or they feared other magazines or outside companies would get into those businesses first. The ancillary products or services were not part of the overall strategic planning.

Since these ventures were viewed as "add on" activities, publishers used the existing circulation and sales departments to staff them, wanting to avoid devoting resources to them.

But the companies that have been most successful at developing revenue from a variety of products see them as integral parts of their businesses. They evaluate these parts of their businesses as stand-alones.

As Tom Thompson, senior vice president of Phillips Publishing, says, "It's hard to tell what is ancillary and what isn't." He publishes 56 newsletters, eight directories and five magazines. "The newsletters are not more or less important than the magazines.We are a provider of services," he explains.

Another mindset

Publishers who have been successful launching products and services other than magazines talk another language. They do not think of themselves exclusively as magazine publishers, but as "information providers," "multi-media companies" or "full-service information firms."

Extending franchises is very much a part of the corporate strategy, says John Babcock Jr., president of the BPI Publishing Group, which produces 60 products, including magazines, books, book clubs, directories–even posters and an entertainment news wire. "We make every effort to think of ourselves as information providers and communicators. It may have been that a magazine created the franchise, but given the rapid pace of technology, there are many different ways we are going to have to provide information in the future. If you think about your business this way, as we do–and it's not easy–extending your product line is a core strategy," Babcock notes.

Phillips Publishing simply does not understand the term "ancillary" in regard to its many ventures. "We consider ourselves an information service company that surrounds the marketplace. When you start thinking of yourself this way, instead of as a magazine publisher, you see that nothing is ancillary. This strategy has been successful for us; the company as a whole now generates $60 million in revenue," says Thompson.

Publishers realize there are many ways other than ink on paper to deliver information, to add value to it, to educate, to bring buyers and sellers together–and it takes a broader definition of our business than "magazine publishing" to recognize those different opportunities.

Changing culture and structure

The ability to develop new products and services around your magazine depends largely on how individuals perceive their jobs, the study shows. More and more, publishers are in charge of not just magazines, but profit centers.

Publishers like Babcock and Thompson indicate that it takes different kinds of skills to produce non-magazine products such as newsletters, directories and seminars. This could result in different job qualifications. And it requires those employees to view their roles in terms of fulfilling customer needs, and not as something secondary to the company's primary product, magazines.

Many magazine publishing companies have seen the wisdom of "clustering" to take advantage of ad sales networks, according to the survey. But clusters built around markets–rather than products and services–are also helping to foster new activities.

For example, instead of having a magazine division, a book division and a seminar division, a publisher might have a metals division, an electronics division, or a restaurant division–with each division having its own magazines, books and seminars.

Financial thinking and criteria, and marketing strategies for success are very different, too, as Thompson points out. "A newsletter can be very successful with $200,000 in revenue, but we have yet to find a way to have a successful magazine with only $200,000 in revenue," he explains. "Also, newsletters require entirely different forms of promotion, get different response, and involve different pricing."

Importance of editorial

The key element for leveraging is the editorial product. The survey research revealed that quality of editorial is considered the most important factor in determining a specific magazines' ability to develop ancillary ventures. The foundation for successful development is the loyalty of readers to the publication.

"You really need to develop an editorial franchise for the magazine that covers all the aspects of the market," says Marshall Freeman, president of Miller Freeman, which derives half its revenue from non-magazine products ranging from newsletters to seminars. "This provides you with an editorial expertise in all corners of the market, and authority in each corner of the market."

Thompson agrees: "Editorial strength and recognition is probably the number-one attribute that contributes to our franchise in a given market," he says.

Some have fallen into the trap of believing that some other element is creating legitimacy. McGraw-Hill may be in that category. One of the perceived weaknesses of the McGraw-Hill operation in recent years is that the business magazines–which were at the heart of the company–have been folded or sold off. One can't add on arms, legs, hands and so on to a healthy business and then take away the heart. Where are the ideas for ancillary products coming from–the inside or the outside? According to our survey, by far the largest number of ideas– 80 percent–come from the advertising sales department, which is highly attuned to the needs of the advertiser. Administration is the second-ranked source.

More and more, publishers are in charge of not just magazines, but profit centers.

While editorial ranks third as a source of ideas, it is the most important source for Times Mirror, according to Robert Carney, formerly director of Times Mirror's golf\tennis trade magazines. "The idea of golf schools and videos came from readers and editors."

The idea of compensating employees for their ideas is not a popular one. At the American Business Press Winter Conference in Chicago, none of the approximately 80 publishers and editors in the audience offered compensation for ideas generated by employees. One executive quipped, "It's part of their job."

But at Phillips Publishing, there is a formal reward system for new product development. It pays $2,000 to employees who come up with new product ideas, with another incentive when that business plan is implemented. The company continues to reward that employee on the basis of growth over the next three years.

At Phillips, generating new ideas is more than an opportunity for employees to make a few extra dollars. "The best way to grow your career at Phillips Publishing is to come up with new ideas. We have several group publishers who have been promoted as a result of developing new products," Thompson says.

Popularity vs. effectiveness

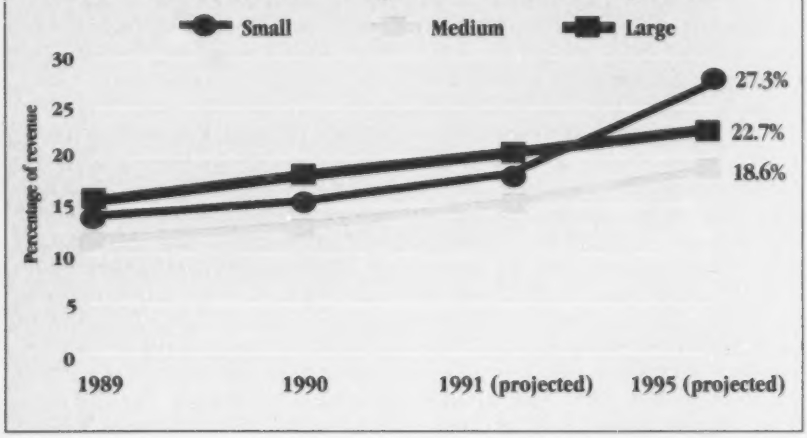
List rental is the most common ancillary activity among publishers surveyed, followed by directories, research, direct response, card decks and trade shows.

Interestingly, trade shows and conferences, which ranked sixth in terms of activities planned, is considered "the most effective" ancillary activity–*i.e.*, the one that generates the most profit or best accomplishes non-financial goals or objectives. The ninth-ranked activity, proprietary databases, is the second most effective. The first-ranked activity, list rentals, is considered the third most effective activity.

Dangers of distraction

Entering new businesses is risky. For one thing, additional products and services can endanger the core business. Management that sees a company solely as a magazine publishing company, and not as an information provider, may well be reluctant to add personnel to handle ancillary activities. The perception is that they drain time and energy from

Small publishers plan to increase ancillary activities at a faster rate than large or medium companies



magazine employees. Finding the time and energy to pursue new activities were the two chief problems mentioned by respondents.

Furthermore, many of the people who are asked to do the extra work on additional products tend not to be knowledgeable about developing those products. Starting a directory, a video or a trade show is a lot different from running a magazine. Magazine executives tend to be good at hiring editors, sales executives and circulators, but they don't always understand personnel needs for video, for example.

While it may be true that current staff is not appropriate for the new ventures, that's not a reason to abandon the ideas, according to Eliot Minsker, chairman and CEO, Knowledge Industry Publications. "If there's a market there, you know we'll develop the expertise, hire it or go to outside suppliers," he says.

Minsker started with a show, Video Expo, then went to magazines and hired magazine people.

On the management side, there is a danger that an ancillary project that is relatively small, and with relatively small potential, can take on a life greater than it should. The return on investment has to be looked at realistically rather than emotionally.

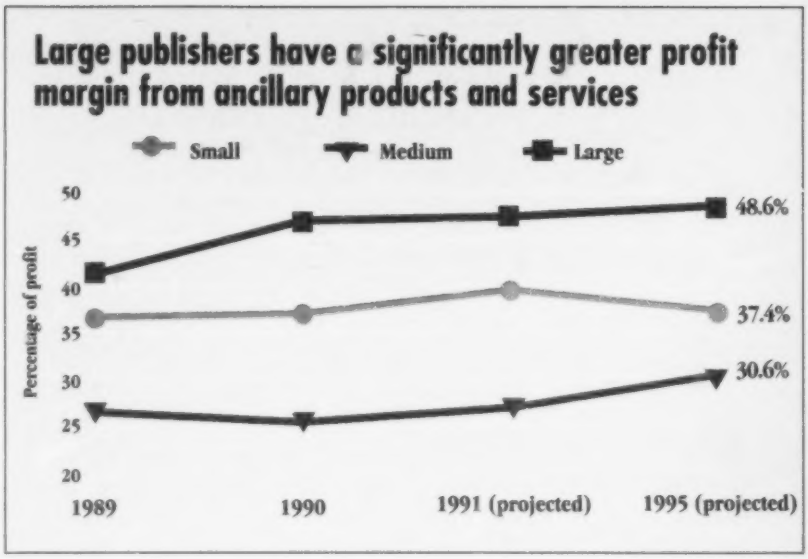
Cannibalizing the core product

Thompson found out the hard way that you have to be careful not to develop products that will start competing directly with your core product. He had a magazine in a market and introduced a newsletter in the same market. When the newsletter began to take advertising, there was trouble.

Publishers interviewed by FOLIO: stress that you have to identify what your strategic position is in a market. If you are selling a monthly magazine and telling people a monthly is the right way to reach customers–and then you come along with a newsletter and say, this is a better way to reach people, you're selling off your own strategic position.

In addition, managers must remember that the number of ad dollars in a market is finite. Just eating into your own position doesn't make any sense.

While profits are not the only reason magazine publishers enter into non-magazine product development, they are perhaps the most important one. The average profit margin for these ventures is expected to grow dramatically to 36.6 percent by 1995, according to survey respondents.



Such a high profit margin is in sharp contrast to business magazines. According to the American Business Press, the average profit margin for business publications ranged from 14 percent to 17 percent in the last five years.

Thompson expects a great deal from the investment in new products at Phillips. "We have any number of financial criteria, depending on the risk-reward of the activity," he says. "But our basic guideline is, if we invest one dollar, we would like to see a two-dollar return within 12 months. And we look for return on sales of at least 30 percent, also in 12 months."

These figures may seem too demanding, but Phillips is only counting out-of-pocket costs. It does not count overhead. "The financial and control aspects are skewed toward encouraging the launch of new products," Thompson says.

Motives differ

Publishers are sometimes willing to operate their ancillary activities at a loss because they help the advertising sales effort and/or improve the image or reputation of the magazine as the authority in the field.

"There are two possible motives for developing one of our services," explains Carney. "One is for profit. The other is to increase share of market and protect the rate. It may mean we can do something extra for the advertiser without getting into a very heavy rate cutting session."

Golf Shop Operations started as a promotional vehicle for advertisers who clearly wanted to reach retailers. It has since developed into a profit center.

Publishers' unique advantage

Should you expand your franchise to include non-magazine ventures? The study points to a resounding "yes." Business magazine publishers, because of their unique position with their readers and advertisers, are ideally situated to take advantage of the many new opportunities to develop ancillary activities. The criterion, however, is having a solid editorial product that does more than report on the industry it covers; it must lead the industry with substantive information and astute analysis.

With that condition met, the talent and resources can always be found that, with proper management, will create ventures that willgenerate revenues adding upwards of 20 percent over the next few years.

The remaining question, "But in this market, can I afford to develop ancillary activities?" is answered with, "Can you afford not to?"

Arthur Rosenfield *is president of Business Development Group.* **Barbara Love** *is general editor, training and educational products,* FOLIO: *and* Publishing News.

NOTE

ONLY THE FOLLOWING PAGES OF THIS

PUBLICATION HAVE BEEN FILMED

Cov. 1, Cov. 2, Pgs: 4, 57-59